

Message Text

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ORIGIN SCI-06

INFO OCT-01 EUR-25 EA-11 IO-14 ISO-00 EB-11 SP-03 AEC-11

FEA-02 ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-07

RSC-01 AID-20 CEA-02 CIEP-02 COME-00 DODE-00 FPC-01

H-03 INT-08 OMB-01 PM-07 SAM-01 SS-20 STR-08 TRSE-00

/197 R

DRAFTED BY SCI/AE:RTWEBBER:MM

APPROVED BY SCI - NSIEVERING

EB/ORF/FSE:SBOSWORTH

S/PC:HCBLANEY

EUR/RPE:ATLIEBOWITZ

USAEC:PA:JECONNOR

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P 112339Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

AMEMBASSY COPENHAGEN

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY OSLO

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BONN

INFO USMISSION IAEA VIENNA PRIORITY

UNCLAS STATE 123909

E.O. 11652: N/A

TAGS: TECH, ENRG

UNCLASSIFIED

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SUBJECT: ECG WORKING GROUP ON URANIUM ENRICHMENT SUPPLY:
PROPOSED DISCUSSION PAPER ON FOLLOW-ON MECHANISMS

THE TEXT OF A PROPOSED DISCUSSION PAPER ON FOLLOW-ON

MECHANISMS WHICH THE U.S. PLANS TO TABLE AT THE JUNE 14 LONDON MEETING OF THE SUBJECT WORKING GROUP FOLLOWS.

"OPTION 1 - REQUEST THE OECD AND THE IAEA TO CONTINUE THEIR EFFORTS CONCERNING SUPPLY AND DEMAND DATA COMPILATION AND RELATED INFORMATION IN THE FIELD OF NATURAL URANIUM, TAKING INTO ACCOUNT THE SUGGESTIONS IN THIS REPORT. BOTH AGENCIES WOULD BE EXPECTED TO CONTINUE TO OPERATE AS THEY HAVE IN THE PAST IN PURSUING THESE EFFORTS.

THIS OPTION WOULD RECOGNIZE THE COMPETENT ON-GOING WORK BOTH AGENCIES ALREADY ARE DOING IN THE FIELD, WOULD BROADEN PARTICIPATION TO INCLUDE SOME OTHER SIGNIFICANT COUNTRIES NOT PARTICIPANTS IN THE ENERGY COORDINATING GROUP AND WOULD AVOID THE PROLIFERATION OF NEW INSTRUMENTALITIES. HOWEVER, IF USED EXCLUSIVELY, IT WOULD TEND TO PERPETUATE CURRENT MODALITIES AND MIGHT NOT IMPART THE DESERVED MOMENTUM TO CONTINUED SYSTEMATIC EXCHANGES THAT THE AD HOC WORKING GROUP WOULD HOPE TO EMERGE FROM THE CURRENT EFFORT. IF

CONFINED TO NATURAL URANIUM, IT WOULD LEAVE INDEFINITE THE TYPE OF ON-GOING COOPERATION THAT MIGHT BE DESIRABLE IN EXCHANGING SUPPLY AND DEMAND DATA RELATIVE TO ENRICHMENT.

OPTION 2 - THE ECG MIGHT RECOMMEND THAT AN ENTIRELY NEW DATA COLLECTION AND CONSULTATIVE MECHANISM BETWEEN INTERESTED GOVERNMENTS BE ESTABLISHED INDEPENDENT OF ANY EXISTING ORGANIZATIONS AND WITH ITS OWN SECRETARIAT. THE SCOPE OF THIS GROUP COULD BE CONFINED TO QUESTIONS OF NATURAL URANIUM SUPPLY OR BROADENED TO INCLUDE ENRICHMENT PLANNING DATA AS WELL. THE MEMBERSHIP WOULD BE CONDITIONED, IN PART, BY THE SUBJECT MATTER TO BE COVERED.

THIS OPTION WOULD TEND TO UNDERScore THE IMPORTANCE THE PARTIES ASCRIBE TO CONTINUED CONSULTATIONS AND DATA EXCHANGES IN THE FIELD. IT WOULD, HOWEVER, CREATE A NEW ORGAN THAT MIGHT PERPETUATE ITSELF INDEFINITELY AND DUPLI-
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CATE, IN PART, ACTIVITIES BEING PERFORMED BY OTHER ORGANIZATIONS, INCLUDING THE OECD.

OPTION 3 - THE ENERGY COORDINATING GROUP MIGHT SPECIFICALLY REQUEST THE OECD TO GIVE SERIOUS EXAMINATION TO THE SUBSTANTIVE RECOMMENDATIONS OF THIS REPORT DEALING WITH SUPPLY AND DEMAND AND TO CONSIDER ORGANIZING A SPECIAL CONSULTATIVE BODY COMPRISED OF OECD MEMBER STATES.

THE CONSULTATIVE BODY WOULD BE COMPRISED OF SENIOR GOVERNMENTAL OFFICIALS RESPONSIBLE FOR ENCOURAGING THE EXPANSION OF THE SUPPLY OF NATURAL URANIUM AND COMPILING AND DISSEMINATING INFORMATION THEREON. THIS GROUP WITH THE ASSIST-

ANCE OF THE OECD AND SPECIALIZED GROUPS OF EXPERTS WOULD ENDEAVOR TO FOSTER THE KINDS OF ACTIVITIES RECOMMENDED IN THIS REPORT DESIGNED TO FACILITATE A MAJOR ORDERLY DEVELOPMENT OF NATURAL URANIUM RESOURCES. IT ALSO COULD BE CHARGED WITH HELPING TO UNDERTAKE, AS APPROPRIATE, THE IMPLEMENTATION OF THOSE DATA COMPILATION ACTIVITIES RECOMMENDED IN THIS REPORT THAT RELATE TO THE PLANNING OF ENRICHMENT SERVICES.

THE CONSULTATIVE BODY COULD BE ESTABLISHED BY THE OECD ON EITHER A PERMANENT OR INTERIM BASIS. ALSO, CONVENTIONAL OECD ASSOCIATION AND COLLABORATION WITH THE IAEA IN THIS AREA COULD BE MAINTAINED.

THIS OPTION WOULD GIVE ADDED EMPHASIS TO THIS SUBJECT MATTER WHILE WORKING WITHIN ESTABLISHED MECHANISMS, AND

WOULD PROMOTE A DEGREE OF CONTINUED COHESIVENESS BETWEEN THE PRINCIPAL OIL CONSUMERS. ASSOCIATION WITH STATES NOT PARTIES TO THE OECD, HOWEVER, WOULD BE MORE TENUOUS.

OPTION 4 - THE ENERGY COORDINATING GROUP MIGHT RECOMMEND THAT THE IAEA TAKE THE LEAD IN COLLABORATION WITH EXISTING REGIONAL BODIES OR OTHER ORGANIZATIONS IN IMPLEMENTING THE RE COMMENDATIONS IN THIS REPORT. THIS OPTION WOULD SERVE TO RECOGNIZE THAT MANY SIGNIFICANT OR POTENTIAL PRODUCERS, AS WELL AS CONSUMERS, INCLUDING SOME DEVELOPING NATIONS AND EAST EUROPEAN COUNTRIES ARE NOT MEMBERS OF THE OECD AND UNCLASSIFIED

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HENCE MAY NOT BE READILY ABLE TO CONTRIBUTE TO SOME OF THE SUGGESTED ACTIVITIES.

IT ALSO TENDS TO RECOGNIZE THAT THE IAEA HAS BEEN EXTENSIVELY INVOLVED IN THIS FIELD, BOTH AS A COLLABORATOR WITH THE OECD IN THE FIELD OF DATA COMPILATION AND IN ITS OWN RIGHT THROUGH PROVISION OF TECHNICAL ASSISTANCE, THE AWARDED OF RESEARCH CONTRACTS, CONVENING OF PANELS, ETC.

ON THE OTHER HAND, ACHIEVEMENT OF SOME OF THE SPECIFIC OBJECTIVES IN THIS REPORT (EXCHANGE OF VIEWS ON TRADE PRACTICES, MARKET ACCESS POLICIES) MAY BE DEPENDENT ON CANDID DISCUSSIONS IN SUBSTANTIALLY SMALLER BILATERAL OR MULTILATERAL MEETINGS.

OPTION 5 - AN INFORMAL SYSTEM COULD BE ESTABLISHED IN COMBINATION WITH SOME OF THE OTHER OPTIONS, WHEREBY FOCAL POINTS AND COORDINATORS FOR THE PROVISION OF DEMAND AND SUPPLY DATA WOULD BE DESIGNATED BY EACH PARTICIPATING STATE. THE COORDINATORS MIGHT THEN PROMPTLY MEET AND ARRANGE TO EXCHANGE RELEVANT DATA ON A CONSISTENT AND TIMELY BASIS.

IT WOULD APPEAR THAT THE FIRST ITEM REQUIRING ATTENTION IS THE ASSEMBLING OF INFORMATION IN A CONSISTENT FORMAT ON THE ANTICIPATED DEMAND FOR URANIUM ENRICHMENT SERVICES IN EACH COUNTRY, TOGETHER WITH THE BEST CURRENT KNOWLEDGE OF PROJECTED ENRICHING SUPPLY CAPABILITY TO BE BUILT IN VARIOUS COUNTRIES.

ONE MONTH AFTER THE START OF THIS POSTULATED PROGRAM, A MEETING OF THE COORDINATORS COULD BE CALLED TO AGREE UPON A CONSISTENT FORMAT AND BASIS FOR OBTAINING AND COMPILING INFORMATION.

SIX MONTHS AFTER THE START OF THIS POSTULATED PROGRAM, A SECOND MEETING OF COORDINATORS COULD BE CALLED AND CHAIRED AS PREVIOUSLY TO EXCHANGE ALL INFORMATION AVAILABLE UP TO THAT TIME. THIS INFORMATION COULD BE ASSEMBLED AND ORGANIZED BY COUNTRY, BUT COULD GIVE A PRELIMINARY INDICATION OF THE COMBINED SUPPLY-DEMAND SITUATION TO THE GROUP UNCLASSIFIED

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OF PARTICIPATING STATES AS A WHOLE.

IT IS RECOGNIZED THAT FORECASTS AND PROJECTIONS OF ENRICHMENT SERVICES SUPPLY AND DEMAND WILL CHANGE WITH TIME, AND MAY REQUIRE FREQUENT REVIEW AND REVISION. THE INITIAL EXPERIENCE OF THE COORDINATORS, THUS SHOULD BE HELPFUL IN ASSESSING HOW THE WORK COULD BE DONE MOST EFFECTIVELY IN THE FUTURE. CONSIDERATION WOULD THUS BE GIVEN TO CONTINUING MODIFYING OR EXTENDING THIS PROCESS BASED UPON THE EXPERIENCE ACQUIRED IN THE INITIAL EFFORT.

CONSIDERATION WOULD HAVE TO BE GIVEN AS TO THE COUNTRIES THAT MIGHT USEFULLY PARTICIPATE IN SUCH A PROGRAM. AS ONE POSSIBILITY, INITIAL PARTICIPATION MIGHT INCLUDE ALL MEMBER STATES OF THE OECD PLUS SUCH OTHER COUNTRIES AS THIS INITIAL GROUP MIGHT WISH TO INVITE TO PARTICIPATE.

OPTION 6 - ADOPT A FLEXIBLE APPROACH THAT RECOGNIZES THAT SEVERAL OF THE FOREGOING APPROACHES ARE NOT MUTUALLY EXCLUSIVE AND THAT THE TECHNIQUES EMPLOYED MAY VARY WITH THE OBJECTIVE AND THE SUBJECT MATTER UNDER DISCUSSION.

CERTAIN COLLABORATION ON SPECIFIC PROJECTS IN THE R&D AREA, FOR EXAMPLE, MAY BE BETTER IMPLEMENTED BILATERALLY WHILE DATA COLLECTION IS INHERENTLY A MULTILATERAL EFFORT INVOLVING BOTH THE OECD AND THE IAEA.

OPTION 7 - THE ECG MIGHT RECOMMEND THE ESTABLISHMENT OF A POLICY CONSULTATIVE GROUP ON NUCLEAR ENRICHMENT COOPERATION, WHICH WOULD PROVIDE A FORUM FOR INTERGOVERNMENTAL COORDINATION AND POLICY EXCHANGE IN URANIUM ENRICHMENT

AND NATURAL URANIUM SUPPLY.

THIS OPTION WOULD PROVIDE FOR THE ESTABLISHMENT OF A MAIN COMMITTEE WHICH WOULD CONSIST OF HIGH-LEVEL POLICY OFFICIALS OF INTERESTED GOVERNMENTS WITH RESPONSIBILITY FOR NUCLEAR MATTERS AND ITS INTERNATIONAL ASPECTS. THE GROUP SHOULD HAVE EITHER DIRECT ACCESS TO OR ESTABLISH A SUB-GROUP FOR THE DEVELOPMENT OF CONSISTENT DATA ON NATURAL URANIUM SUPPLY AND FUTURE REQUIREMENTS FOR ENRICHMENT SERVICES. THE GROUP MIGHT BE ASSOCIATED WITH THE UNCLASSIFIED

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OECD BUT IT COULD HAVE AN INDEPENDENT EXISTENCE AND REPORT DIRECTLY TO GOVERNMENTS OR ANY FOLLOW-ON MECHANISM CREATED BY THE ECG.

MEMBERSHIP IN THE GROUP WOULD BE OPEN TO ALL COUNTRIES WITH INTEREST IN THE AREA WHO AGREE WITH SUCH "GUIDING PRINCIPLES" AS MIGHT BE PROMULGATED BY THE ECG, OR WHO MAY OTHERWISE BE INVITED BY THE ECG.

THE GROUP'S MAIN FUNCTION WOULD BE TO PROVIDE A FORUM FOR INTERGOVERNMENTAL POLICY LEVEL EXCHANGE OF VIEWS ON THE NEEDS AND PROGRAMS TO DEVELOP NEW URANIUM ENRICHMENT CAPACITY. THE GROUP WOULD PROVIDE FOR AN EXCHANGE OF VIEWS AND DEVELOP INTER ALIA SPECIFIC PROPOSALS AIMED AT PROVIDING A RATIONAL FUTURE MARKET, SURETY OF SUPPLY FOR ALL PARTICIPANTS AND FURTHERING NON-PROLIFERATION AND SAFEGUARDS GOALS. THE GROUP WOULD BE REQUESTED TO DEVELOP A COMPREHENSIVE REPORT WITH SPECIFIC RECOMMENDATIONS ON NEW AND MORE EFFECTIVE MECHANISMS FOR COOPERATION IN THIS FIELD WITHIN SIX MONTHS OF ADOPTION OF THE URANIUM ENRICHMENT REPORT AND THIS OPTION. THE REPORT WOULD BE MADE TO ANY FOLLOW-ON BODY ESTABLISHED BY THE ECG OR DIRECTLY TO THE PARTICIPATING GOVERNMENTS." BROWN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING PROCEEDINGS, PAPERS, RESEARCH, URANIUM
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE123909
Document Source: ADS
Document Unique ID: 00
Drafter: SCI/AE:RTWEBBER:MM
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D740150-0861
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740688/abbryzng.tel
Line Count: 256
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SCI
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 AUG 2002 by PhilliR0>; APPROVED <22-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971029
Subject: ECG WORKING GROUP ON URANIUM ENRICHMENT SUPPLY: PROPOSED DISCUSSION PAPER ON FOLLOW-ON MECHANISMS
TAGS: ENRG, EWG, TECH
To: LONDON
COPENHAGEN
ROME
BRUSSELS
OSLO
DUBLIN
TOKYO

THE HAGUE
LUXEMBOURG
OTTAWA
EC BRUSSELS
OECD PARIS
BONN INFO IAEA VIENNA

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005